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19 November 1976

FR
Thanks
Good job.
I need

MEMORANDUM FOR: DDCI

SUBJECT : CIA Comments on Semi-Annual NSC Intelligence Review

to discuss
all this
at EAG.
Ha

X1 1. Pursuant to your request, I held a brief meeting with [] and Dick Kerr Friday morning to inform them that the DDI critique of their semi-annual review of the Intelligence Community was very critical indeed. I, and you, were concerned that incorporating all the criticisms in question would delay publication for weeks, particularly if certain areas of contention, such as the Community's performance on [], had to be thrashed out by the contending parties. Also, you were aware that some persons, like Dick Lehman, felt that we should not send forward such a self-critical draft, particularly on the eve of a new Administration.

X1 2. [] said that his staff was going through a learning process and would benefit from our criticisms no matter how harsh; he urged that you send them forward as is. He said that he disagreed with Lehman; he thought that the best image for the Intelligence Community at this time was an honest and self-critical one, not that of an organization which tried to paper over its deficiencies and mistakes. I said that there was obviously an honest difference of opinion here and inquired whether the Director would be made aware of it. [] assured me this would be the case.

3. You asked what the review's criticisms of the Community were. When this volume first came through I made an Executive Summary of its Executive Summary, which is attached, and will give you a general idea of the basic aspects of the IC Staff's fault finding. It does not touch on various criticisms of Community performance in specific fields, which, in the case of East Asia were pretty brutal, and were certainly direct in other areas.

4. You will note that DDI's comments do not refer to the Executive Summary, which is the heart of the review, or to the general aspects of the review, except to say that it is a creditable job. You might wish to check my brief summary and see if this is something you want to comment on - or perhaps it would be more desirable to ask DDI to prepare a few additional thoughts on general matters and incorporate them in the covering memo. My

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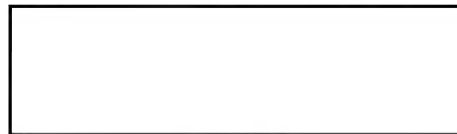
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main reason for suggesting this course is that Dick Lehman's two memos to [] re the review, which are attached, dwell largely on general aspects - particularly - do we want this kind of review at this time? Can't we criticize ourselves in private? He has a point, I think, but, in fairness, he neglects to say that the review says several complimentary things about the Community. The NIO's, I find, are death on post mortems, you should pardon the expression.

5. A possible solution: Go ahead with the review more or less as it stands; draft for the DCI's signature a forwarding memo indicating all the great things (!) the Community, particularly the DDI, is doing to come to grips with the criticisms in the review.



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A/DDCI

Attachments:

- Tab A - DDI draft for your signature
- Tab B - Summary of Summary
- Tab C - Two Lehman memos
- Tab D - Semi-Annual Review

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EXECUTIVE SUMMARY OF EXECUTIVE SUMMARY

The Intelligence Community is generally doing a good job, and performs at an excellent level on current intelligence matters. It is doing less well on longer term assessments and problems requiring interdisciplinary analysis. Also, it does not do enough in the area of forecasting trends or in regional analysis.

There is insufficient communication between intelligence producers and users. Consequently, production does not always meet user needs. NIE's and inter-Agency intelligence memoranda meet some requirements for longer range papers; but they are often criticized for being too waffled and "old hat" - not in tune with current needs.

There is a need for improving our mechanism for handling crisis situations, particularly in terms of increasing the flow of information between intelligence and operational components. In this connection, there should be a better definition of the DCI's wartime responsibilities, particularly as during wartime the Defense establishment will control most intelligence collection assets.

The Intelligence Community needs to be able to shift more rapidly to meet changing user requirements. To an extent, such flexibility is a function of resources. Also, as suggested above, it will be more easily realized if producers get closer to users, including policymakers, so as to anticipate change; but this must be watched so that intelligence is not contaminated by policy concerns.

There is an apparent imbalance between the resources assigned to collection vs. production. Also, within the production field, "bread and butter" current intelligence resources compete with those available for longer range analytical work.

Available IC resources in terms of real purchasing power have declined; and the personnel of the Intelligence Community has shrunk substantially in the last four years.

Specific recommendations to the DCI include:

- a. To examine resources available to production, confer with users regarding priorities, and establish means for determining the best balance of resources among collection, processing and analysis.
- b. Reduce current and increase estimative and interdisciplinary analysis.
- c. Direct NIO's to solicit user views.

Paper also recommends the NSC strongly support the DCI in these regards and develop specific ways for users to communicate their needs to the Intelligence Community.